



JOSEPH R. BIDEN, III
ATTORNEY GENERAL

DEPARTMENT OF JUSTICE
820 NORTH FRENCH STREET
WILMINGTON, DELAWARE 19801

CONTACT JASON MILLER
PUBLIC INFORMATION OFFICER
PHONE (302) 577-8949
CELL (302) 893-8939
Jason.Miller@state.de.us

Media Release

May 10, 2012

Biden Puts Penalties to Work for Delaware

\$10.6 million secured after 18-month investigation of widespread servicing fraud by nations largest mortgage banks

Wilmington – Attorney General Beau Biden unveiled a plan Thursday to allocate the \$10.6 million his office secured for Delaware following an 18-month investigation of widespread mortgage servicing fraud by five of the nation’s largest banks.

Speaking at the Wilmington Rotary Club’s annual Law Day, Biden said his office has been working for several months to develop a detailed plan that will deliver the most benefit to all Delawareans, especially those homeowners who have been most affected by the foreclosure crisis.

“We have been focused on investigating wrongdoing, fixing what is broken, and making sure it never happens again,” Biden said. “My office has developed a plan to maximize the \$10.6 million I secured. We look forward to working with legislators and stakeholders to implement our plan.”

Specifically, the plan Biden laid out Thursday includes:

- \$1.8 million to fund borrower representation
- \$500,000 to support the Delaware Emergency Mortgage Assistance Program (DEMAP)
- \$1 million to fund a new education and borrower representation program housed at a Delaware educational institution
- \$1.5 million to fund additional Delaware-based housing counselors
- \$1.1 million to fund expanded consumer education initiatives
- \$863,000 to hire additional staff in the Attorney General’s Office of Foreclosure Prevention, including loan modification specialists to assist borrowers facing foreclosure and financial difficulty
- \$895,000 to support the Delaware Mortgage Mediation Program, including a full-time mediator
- \$2.7 million to continue to investigate and prosecute financial fraud cases

Biden also highlighted Delaware mandatory Mortgage Mediation Program, an initiative he and a bipartisan group of legislators championed last year to ensure struggling homeowners can have a meaningful conversation with their lender about alternatives to foreclosure. Under the program, banks must attend a fact-to-face meeting with a homeowner before they can move forward with a foreclosure action.

Delaware's mandatory mediation program launched on January 19, 2012. In the week leading up to that date banks filed 308 foreclosure actions – 153 alone on January 18. Since January 19, only 14 residential foreclosures that are eligible for the mediation program have been filed.

Overall, Biden secured \$46 million for Delaware in the National Mortgage Foreclosure Settlement. The remaining \$35 million will be provided by banks in the form of credits to current and former homeowners to reduce principal mortgage loans, pay off second mortgage loans and waive deficiencies in short sales and fund refinancing to underwater homeowners who are current on their mortgages, as well as payments to individual Delaware homeowners who have been foreclosed upon.

Since the housing crisis began in 2008, there have been 26,000 foreclosure filings in Delaware and more than 10 million nationally.

#